

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**AUDITED FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**ANNUAL FINANCIAL REPORT**  
**CITY OF JEFFERSONTOWN, KENTUCKY**  
**Year Ended June 30, 2009**

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# STUEDLE SPEARS & FRANCKE PSC

CERTIFIED PUBLIC ACCOUNTANTS

2821 S. Hursthourne Parkway

Louisville, KY 40220

Phone: (502) 491.5253 • Fax: (502) 491.5270

## Independent Auditor's Report

To the Honorable Mayor and City Council  
City of Jeffersontown, Kentucky

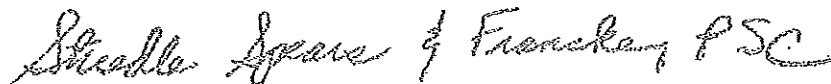
We have audited the accompanying financial statements of the governmental activities, and each fund, of the City of Jeffersontown, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Jeffersontown, Kentucky, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each fund, of the City of Jeffersontown, Kentucky, as of June 30, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 13, 2010 on our consideration of the City of Jeffersontown, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of the audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 32 through 43, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Stuedle Spears & Francke PSC".

Stuedle Spears & Francke PSC  
January 13, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the City of Jeffersontown's financial performance provides an overview of the City's financial activities for the year ended June 30, 2009 and should be read in conjunction with the City's financial statements, starting on page 10 of this report.

### USING THE ANNUAL REPORT

This annual report contains a series of financial statements for the purpose of measuring the overall financial condition of the City.

#### Statement of Net Assets and Statement of Activities (pages 11 - 12)

These two statements report the City's net assets and changes to them. The *Statement of Net Assets* - the difference between assets and liabilities - is one method used to measure the City's financial health. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Other indicators used to assess the overall financial condition of the City are changes in the tax base and infrastructure.

It is important to note that these statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most of the private sector. All current year revenues and expenses are taken into account regardless of when cash is received or paid. Most of the City's basic services are reported including general administration, police, public works, street maintenance, parks and recreation. Primary revenue sources used to fund these services are property taxes, occupational taxes, franchise fees, business license fees and building permits.

To aid in the understanding of the *Statement of Activities*, it is important to explain informational differences from a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that program expenses are listed in the first column while related revenues are reported to the right. The result is a net expense/revenue total.

This format highlights the relative financial burden of each of the functions/programs on the City's taxpayers. It also identifies how much each function draws from the general revenues, or it is self-funding through fees and grants.

Some of the individual line item revenues reported for each function are:

General Government: Business licenses; alcoholic beverage licenses; building, electrical, HVAC, fire, and sign permits; office rental income.

Public Safety: Fines and court income; Police department grants.

Parks and Recreation: Community center rental income; Plainview swim and tennis club fees.

All other governmental revenues are reported as general and are listed at the bottom right section of the statement.

#### Balance Sheet & Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds (pages 13 -15)

These fund financial statements provide detailed information about the governmental fund and not the city as a whole. Most of the City's basic services are reported in the governmental fund, which focuses on how money flows into and out of the fund and the balance left over at year-end that is available for spending. This fund is reported using the accounting method called modified accrual accounting which measures cash and all other financial assets that can be readily converted to cash. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine the status of financial resources available to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and Statement of Activities) and governmental funds in reconciliation on page 15 of the fund financial statements.

## FINANCIAL COMPARISONS

The following condensed financial information has been derived from the government-wide financial statements for the fiscal years ending June 30, 2009 and 2008. The two-year comparisons are organized as follows:

### Statement of Net Assets

Revenues

Expenses

Excess/Deficiency of Revenues over Expenses

Change in Net Assets

Capital Assets

Long Term Debt

### Statement of Net Assets

Total net assets increased \$1,438,194 during the year ending June 30, 2009. One method used to determine the City's financial health in the short term is to compare current assets to current liabilities. Current assets exceed current liabilities by \$4,499,103 or a ratio of approximately 2.4 to 1. This indicator clearly points out that the City has sufficient capacity to service its current debt. It is also important to note that total assets exceed total liabilities by \$28,114,662. This number represents the 'net worth' of the city.

	2009	2008	Positive (Negative) Variance
<b>Assets</b>			
Current assets	\$ 7,763,437	\$ 3,528,191	\$ 4,235,246
Investments		496,566	(496,566)
Capital assets, net of accumulated Depreciation	36,102,456	36,658,749	(556,293)
Other Assets	74,012	80,180	(6,168)
<b>Total assets</b>	<b>\$ 43,939,905</b>	<b>\$ 40,763,686</b>	<b>\$ 3,176,219</b>
<b>Liabilities</b>			
Current liabilities	\$ 3,264,334	\$ 2,232,249	\$ (1,032,085)
Non-current liabilities	12,560,909	11,854,969	(705,940)
<b>Total liabilities</b>	<b>15,825,243</b>	<b>14,087,218</b>	<b>(1,738,025)</b>
<b>Net Assets</b>			
Invested in Capital Assets			
Net of related debt	26,569,759	25,361,778	1,207,981
Restricted net assets	1,544,903	1,314,690	230,213
<b>Total net assets</b>	<b>\$ 28,114,662</b>	<b>\$ 26,676,468</b>	<b>\$ 1,438,194</b>

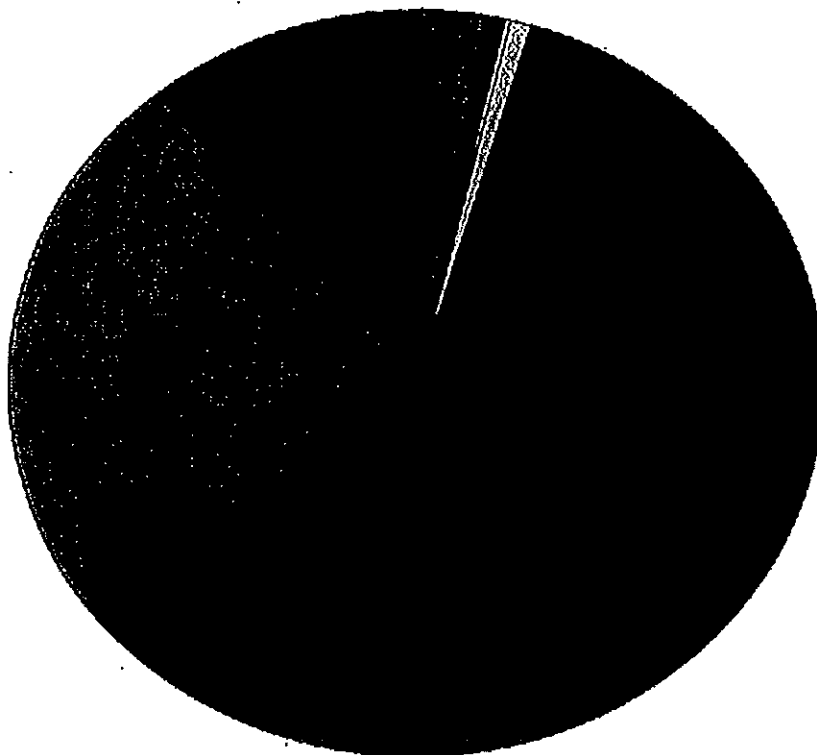
### Revenues

Total governmental revenues are derived from several sources. However, the two primary sources of revenues are occupational taxes and property taxes. These two sources represent 84.3% of the City's total revenues. Occupational tax revenue showed a slight decrease of less than 1% from the previous year. This indicates that although the economy was down that local business sector employment and wages remained stable during this period. Property tax revenue increased by \$283,435 from the previous fiscal year. This means that although property tax rates in the city have remained the same as the previous year that the assessed value of property in the city has increased even during the current housing crisis. Continued focus on compliance and collections were also contributing factors in the increase in property tax revenue. Total revenues of the city increased slightly by \$3,289 primarily due to increases in property tax revenues and FEMA reimbursements.

# FINANCIAL COMPARISONS (CONTINUED)

	2009	2008	Positive (Negative) Variance
Revenues			
Program Revenues:			
Charges for services	\$ 408,597	\$ 457,318	\$ (48,721)
Grants	142,443	301,676	(159,233)
Fines and penalties	46,551	91,455	(44,904)
Total program revenues	597,591	850,449	(252,858)
General Revenues:			
Franchise tax (Telecom/Cable TV)	156,816	166,730	(9,914)
Occupational tax	10,013,021	10,091,428	(78,407)
Property tax	3,984,648	3,701,213	283,435
Intergovernmental	1,486,488	1,484,364	2,124
Interest Income	13,875	38,523	(24,648)
Sale of surplus equipment	12,641	14,733	(2,092)
Miscellaneous Income	346,868	261,219	85,649
Total general revenues	16,014,357	15,758,210	256,147
Total revenues	\$ 16,611,948	\$ 16,608,659	\$ 3,289

## FISCAL YEAR ENDED JUNE 30, 2009 REVENUES



- Ca Charges for services
- Grants
- o Fines and penalties
- o Franchise tax
- Occupational tax
- Property tax
- Intergovernmental
- a Interest Income
- Miscellaneous Income
- Sale of surplus equipment

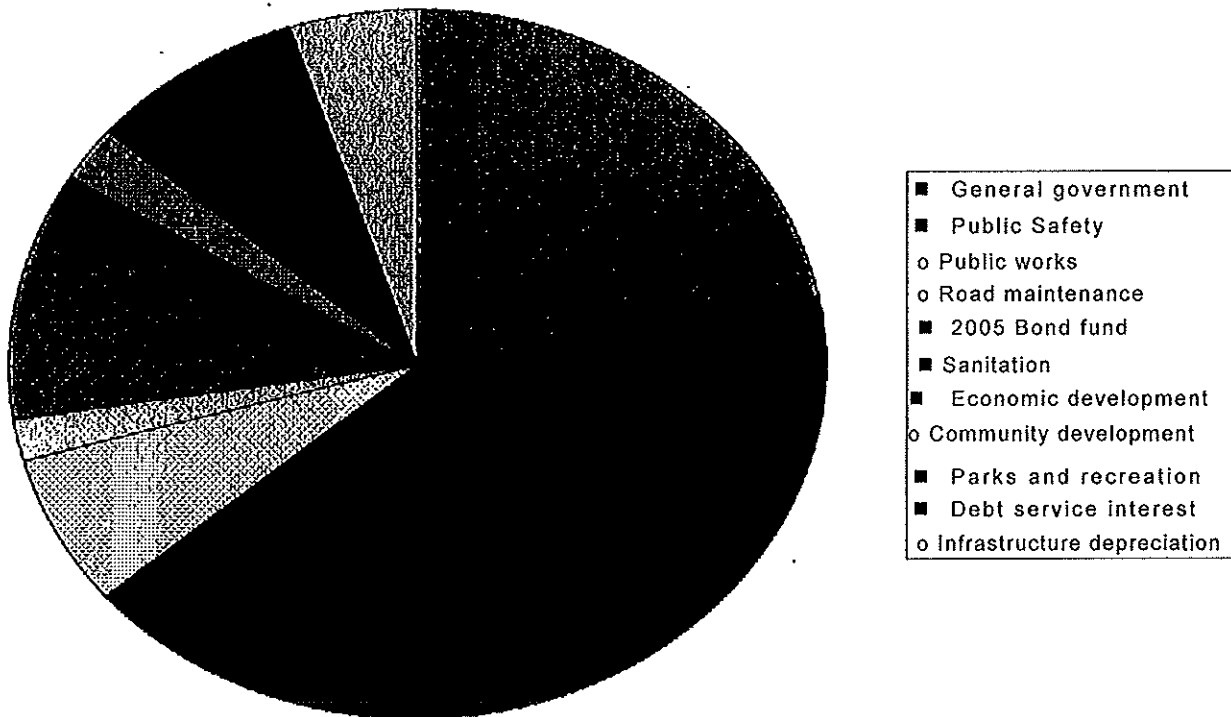
## FINANCIAL COMPARISONS (CONTINUED)

### Expenses

Total Governmental expenses decreased by \$294,057 compared to the prior year. The largest program expense decreases were General Government, Public Works, and Community Development.

	2009		2008	Positive (Negative) Variance
Expenses				
Program Expenses:				
General government	3,349,856	\$	3,831,394	481,538
Public Safety	6,413,155		6,391,180	(21,975)
Public works	1,083,832		1,193,088	109,256
Road maintenance	256,275		91,989	(164,286)
2005 Bond fund			2,245	2,245
Sanitation	1,481,883		1,421,826	(60,057)
Economic development	296,728		292,738	(3,990)
Community development	402,887		501,640	98,753
Parks and recreation	851,281		834,961	(16,320)
Debt service interest	423,539		463,502	39,963
Infrastructure depreciation	781,919		610,849	(171,070)
Total program expenses	\$ 15,341,355	\$	15,635,412	294,057

**FISCAL YEAR ENDED JUNE 30, 2009 EXPENSES**



## FINANCIAL COMPARISONS (CONTINUED)

### Excess / Deficiency of Revenues over Expenses

This information represents the "bottom line" from a revenue-expense standpoint. Revenues exceeded expenses by \$1,270,593.

	2009	2008	Positive (Negative) Variance
Total revenues	\$ 16,611,948	\$ 16,608,659	\$ 3,289
Total expenses	15,341,355	15,635,412	294,057
Excess (Deficiency) of revenues over expenses	\$ 1,270,593	\$ 973,247	\$ 297,346

### Change in Net Assets

Another way to view the financial condition of the City is Change in Net Assets. One is able to address the question; is the city as a whole better off than the prior year? The answer to this question is, yes, the city is in better financial condition than this time last year. Ending net assets increased by \$1,438,194.

	2009	2008
Beginning net assets	\$ 26,676,468	25,703,221
Adjustment to beginning net assets	167,601	-
Excess (Deficiency) of revenues over expenses	1,270,593	973,247
Ending net assets	28,114,662	\$ 26,676,468

### Capital Assets

For the year ended June 30, 2009, the City showed a decrease in net capital assets of \$556,293. The decrease is due to capital asset additions of \$937,246 and depreciation expense of \$1,493,539 for the year. The City's \$36.1 million in net capital assets includes buildings, improvements, equipment, vehicles, and infrastructure. Major additions of \$937,246 in capital assets before depreciation included the following:

Sidewalks and Paving	479,243
Police Vehicles	266,029
Chenoweth bridge project and Recreational trails	96,574

Capital Asset activity for the year ended June 30, 2009 is as follows:

	Balance July 1, 2008	Additions	Disposals	Balance June 30, 2009
Governmental activities:				
Land	\$ 1,124,198	\$ -	\$ -	\$ 1,124,198
Buildings	7,628,471	-	-	7,628,471
Improvements	1,799,463	32,000	-	1,831,463
Equipment	1,965,603	11,913	-	1,977,516
Furniture & Fixtures	437,286	-	-	437,286
Radio equipment	350,126	-	-	350,126
Vehicles and equipment	3,780,944	266,029	(112,807)	3,934,166
Infrastructure	57,273,938	627,304	-	57,901,242
Totals at historical cost	74,360,029	937,246	(112,807)	75,184,468
Less accumulated depreciation	(37,701,280)	(1,493,539)	112,807	(39,082,012)
Net capital assets	36,658,749	(556,293)	-	36,102,456

The City had vehicle and equipment disposals with a cost of \$112,807 and accumulated depreciation of \$112,807.



## FINANCIAL COMPARISONS (CONTINUED)

### Long Term Debt

Long term debt represents all obligations that exceed one year. This debt is comprised of three major categories: bond and debt agreements, capital lease obligations, and compensated absences. Bond and debt agreements had a net increase of \$1,570,000 from the prior year. Another significant long term obligation is compensated absences. Net additions during fiscal year June 30, 2009 totaled \$41,023. Management has changed their vacation and sick policies with an emphasis on reducing current caps on the amount of vacation and sick time that city employees can accumulate.

Long term debt activity for the year is as follows:

	Balance July 1, 2008	Additions	(Reductions)	Balance June 30, 2009
Bond and debt agreements \$	10,914,000 \$	2,805,000	(1,235,000) \$	12,484,000
Capital lease obligation	431,649	266,029	(241,917)	455,761
Compensated absences	2,250,737	41,023	-	2,291,760
Total Long Term Debt \$	13,596,386 \$	3,112,052	(1,476,917) \$	15,231,521

### General Fund Budgetary Highlights

#### Revenues

General fund revenues of \$16,112,819 were \$352,681 less than the \$16,465,500 budgeted. This was primarily the result of grant revenues being \$445,461 less than budgeted. Revenue sources exceeding budgeted amounts included property taxes, business license revenue, and other income.

#### Expenditures

General fund expenditures of \$15,247,584 were \$1,197,746 less than the \$16,445,330 budgeted. A primary reason that general fund expenditures were less than budgeted was the positive variance with grant related expenses. However, without this variance the City would still have been under budget by \$723,526 for general fund expenditures. Other primary reasons general fund expenditures were less than budgeted were the result of positive variances within the police and public works departments and also for debt service payments.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Occupational tax revenues are projected to decline slightly due to increased unemployment. The City will begin collecting insurance premium taxes, whereas previously the city had an agreement with the city of Louisville, whereby the city received \$1,000,000 annually in lieu of insurance premium taxes. On the expense side, health benefits, energy costs, and employer retirement contributions will continue to place pressures on expense control. Management's overall fiscal strategy is to build the city's "bottom line" through realistic revenue projections and collections coupled with maintaining tight expense controls. Management is confident that the highest level of service to the taxpayers will continue to be delivered.

## **FINANCIAL COMPARISONS (CONTINUED)**

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and provide accountability for the money it receives. For questions about this report or any additional information, please contact the City Clerk's office at 10416 Watterson Trail, Jeffersontown, KY 40299.

Respectfully submitted,

Clay S. Foreman  
Mayor

James E. Leidgen  
City Clerk — Director of Finance

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government-wide financial statements

Fund financial statements:

- Governmental funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	4,914,657	\$ 4,914,657
Receivables (net)	2,848,780	2,848,780
Total current assets	7,763,437	7,763,437
Noncurrent assets:		
Capital assets (net)	36,102,456	36,102,456
Other assets	74,012	74,012
Total noncurrent assets	36,176,468	36,176,468
Total Assets	43,939,905	43,939,905
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 176,143	\$ 176,143
Bonds payable - amount due within one year	2,169,000	2,169,000
Capital lease payable - amount due within one year	240,810	240,810
Accrued compensated absences - amount due within one year	260,802	260,802
Other current liabilities	417,579	417,579
Total current liabilities	3,264,334	3,264,334
Noncurrent liabilities:		
Bonds payable - amount due in more than one year	10,315,000	10,315,000
Capital lease payable - amount due in more than one year	214,951	214,951
Accrued compensated absences	2,030,958	2,030,958
Total noncurrent liabilities	12,560,909	12,560,909
Total Liabilities	15,825,243	15,825,243
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	23,162,695	23,162,695
Restricted for:		
Road Fund	1,544,903	1,544,903
Unrestricted	3,407,064	3,407,064
Total Net Assets	\$ 28,114,662	\$ 28,114,662
Total Liabilities and Net Assets	\$ 43,939,905	\$ 43,939,905

See accompanying notes to the basic financial statements

**CITY OF JEFFERSONTOWN, KENTUCKY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009**

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets	
	Exoenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Total
<b>PRIMARY GOVERNMENT:</b>					
Governmental activities:					
General government:					
Administration	\$ 968,455	\$ 313,993		\$ (654,462)	(654,462)
Building department	197,049	103,601		(93,448)	(93,448)
Employee benefits	1,303,746			(1,303,746)	(1,303,746)
Insurance	398,691			(398,691)	(398,691)
Tax department	191,620			(191,620)	(191,620)
Vehicle maintenance	290,295			(290,295)	(290,295)
Public safety:	75,924				
Ambulance service	12,071				
Civil service	5,958,552		91,264	(75,924)	(75,924)
Police department	366,608			(12,071)	(12,071)
Street lights	1,083,832		24,904	(5,842,384)	(5,842,384)
Public works	256,275			(366,608)	(366,608)
Roads	1,481,883	22,500		(1,061,332)	(1,061,332)
Sanitation	296,728			(256,275)	(256,275)
Economic development	402,887			(1,481,883)	(1,481,883)
Community development	851,281			(296,728)	(296,728)
Parks and recreation				(402,887)	(402,887)
Infrastructure depreciation (excludes direct depreciation expense of other activities)	781,919		121,392	(612,350)	(612,350)
Interest expense on long-term debt (See Note 3.D)	15,341,355	652,750	142,443	(781,919)	(781,919)
Total governmental activities (See Note 1)	\$ 15,341,355	\$ 652,750	\$ 142,443	(423,539)	(423,539)
Total primary government				(14,546,162)	(14,546,162)
General revenues:				\$ (14,546,162)	\$ (14,546,162)
Taxes:					
Occupational license taxes					
Property taxes, levied for general purposes				10,013,021	10,013,021
Franchise taxes (Telecom/Cable TV)				3,984,648	3,984,648
Coal and mineal taxes				156,816	156,816
Interest income				1,703	1,703
Intergovernmental revenues				13,875	13,875
Youth basketball revenue				1,486,488	1,486,488
Donation revenue				23,582	23,582
FEMA and insurance proceeds				1,066	1,066
Sale of surplus assets				122,915	122,915
general revenues Change in net				12,641	12,641
assets Net assets - beginning				15,816,755	15,816,755
Adjustment to beginning net assets				1,270,593	1,270,593
Net assets - ending				26,676,468	26,676,468
				167,601	167,601
				\$ 28,114,662	\$ 28,114,662

See accompanying notes to the basic financial statements

**CITY OF JEFFERSONTOWN, KENTUCKY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	General Fund	Road Fund	Bond Fund	Total Government Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 4,871,978	42,679	\$	4,914,657
Due from other funds	-	4,435	-	4,435
Occupational tax receivable	2,307,215			2,307,215
Insurance premium tax receivable	250,000			250,000
FEMA receivable	81,361		-	81,361
Property tax receivable	259,595			259,595
Less: allowance for uncollectible accounts	(49,391)			(49,391)
Total Assets	<u>\$ 7,720,758</u>	<u>47,114</u>	<u>\$</u>	<u>7,767,872</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 176,143	\$	\$	176,143
Accrued payroll	163,993			163,993
Other accrued liabilities	162,898			162,898
Deferred revenue	90,688			90,688
Due to other funds	4,435			4,435
Current portion- compensated absences	260,802			260,802
Current portion - long term debt	2,169,000			2,169,000
Current portion - capital lease	240,810			240,810
Total Liabilities	<u>3,268,769</u>			<u>3,268,769</u>
<b>FUND BALANCE</b>				
Reserved for:				
Road Fund		47,114		47,114
Bond Fund				
Unreserved, reported in:				
General fund	<u>4,451,989</u>			<u>4,451,989</u>
Total fund balance	<u>4,451,989</u>	<u>47,114</u>		<u>4,499,103</u>
Total Liabilities and Fund Balance	<u>\$ 7,720,758</u>	<u>47,114</u>	<u>\$</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$39,082,012.	36,102,456
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(12,560,909)
Other assets used in government activities are not financial resources and therefore are not reported in the funds	<u>74,012</u>
Net assets of governmental activities	<u>\$ 28,114,662</u>

See accompanying notes to the basic financial statements

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	General Fund	Road Fund	Bond Fund	Total Government Funds
<b>REVENUES</b>				
Taxes:				
Franchise (Telecom/Cable TV)	156,816	\$	\$	\$ 156,816
Occupational	10,013,021			10,013,021
Property	3,984,648	-		3,984,648
Intergovernmental	1,000,000	486,488		1,486,488
Charges for services	408,597	-		408,597
Fines and court income	46,551			46,551
Grants and contributions	142,443			142,443
Investment income	13,875			13,875
Miscellaneous	346,868			346,868
Total revenue	16,112,819	486,488		16,599,307
<b>EXPENDITURES</b>				
Current:				
General government:				
Administration	899,400		-	899,400
Building department	197,049			197,049
Employee benefits	1,303,746	-		1,303,746
Insurance	398,691			398,691
Tax department	191,620	-		191,620
Vehicle maintenance	290,295		-	290,295
Total general government	3,280,801			3,280,801
Public safety:				
Ambulance service	75,924			75,924
Civil service	12,071			12,071
Police	5,712,251			5,712,251
Street lights	366,608		-	366,608
Total public safety	6,166,854			6,166,854
Public works	982,805	-		982,805
Road maintenance	-	249,656	-	249,656
Sanitation	1,481,883	-	-	1,481,883
Economic development	291,487	-		291,487
Community development	408,275	-	-	408,275
Parks and recreation	561,741		-	561,741
Debt service:				
Principal	1,235,000		-	1,235,000
Interest and other charges	423,539	-	-	423,539
Capital outlay	415,199	490,047	32,000	937,246
Total expenditures	15,247,584	739,703	32,000	16,019,287
Excess (deficiency) of revenues over expenditures	865,235	(253,215)	(32,000)	580,020
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital outlay lease obligation	(194,500)			(194,500)
Proceeds from debt issuance	2,805,000			2,805,000
Sale of surplus equipment	12,641			12,641
Total other financing sources (uses)	2,623,141			2,623,141
Net change in fund balances	3,488,376	(253,215)	(32,000)	3,203,161
Fund balances- beginning	1,860,185	300,329	(864,572)	1,295,942
Transfers In (Out)	(896,572)		896,572	
Fund balances- ending	\$ 4,451,989	47,114		4,499,103

See accompanying notes to the basic financial statements

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Reconciliation of the net changes in fund balances - total government funds to the change in net assets of governmental activities:

Net change in fund balances - total governmental funds	\$ 3,203,161
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	937,246
Depreciation expense	(1,493,539)

Governmental funds report bond refinancing charges as expenditures while governmental activities report amortization expense to allocate those expenditures over the useful life of the bond

(6,167)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

Proceeds from debt issuance	(2,805,000)
Capital outlay obligation from lease	194,500
Long-term debt principal payments	1,235,000
Change in other activities related to fund balance	5,392

Change in Net Assets of Governmental Activities

\$ 1,270,593



**CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

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**CITY OF JEFFERSONTOWN, KENTUCKY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued before November 30, 1989, have been applied in the government-wide financial statements unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

**1.A. FINANCIAL REPORTING ENTITY**

The City's financial reporting entity comprises the primary government of the City of Jeffersontown. There are no oversight responsibilities for any other governmental entity since no other entities are considered to be controlled by or dependent on the City. Control or dependency is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing body.

**1.B. BASIS OF PRESENTATION**

*Government-wide Financial Statements:*

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

*Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.B.BASIS OF PRESENTATION (CONTINUED)**

*Special Revenue Funds*

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

**1.C.MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**Basis of Accounting**

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recorded when due.

**1.D.ASSETS, LIABILITIES, AND EQUITY**

**Cash and Investments**

For the purpose of the Statement of Net Assets, "cash and cash equivalents includes all cash and short term investments with a maturity date of three months or less,

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.D. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)**

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes and occupational license taxes.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, occupational license tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within sixty days since they would be considered both measurable and available. Allowance for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**Fixed Assets Government-**

*wide Statements*

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1993.

Prior to July 1, 2002, governmental funds' infrastructure assets were not capitalized. The City engaged the services of a local engineering firm to inventory and value the roads and bridges that comprise the infrastructure.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Improvements	20 years
Machinery and Equipment	5 -15 years
Infrastructure	10-25 years

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.D. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)**

*Fund Financial Statements*

In the fund financial statements, fixed assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

*Long-term Debt*

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. Long-term debt consist primarily of bond/debt agreement obligations, capital lease obligations and accrued compensated absences.

Long-term debt for governmental funds are not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and payments of principal and interest reported as expenditures.

*Compensated Absences*

The City's policies regarding vacation time and sick leave permit employees to accumulate earned but unused time. Permanent City employees earn from 40 to 380 vacation hours a year, depending upon length of employment, and 120 sick leave hours a year. Bonus sick leave can be earned if less than 30 sick leave hours are used during the year. Employees can carry forward up to 600 hours in earned but unused vacation hours and an unlimited amount of sick leave hours for use in subsequent years.

Upon retirement or disability, permanent employees are entitled to receive compensation for all accumulated vacation days and sick leave. Upon termination prior to retirement, permanent employees are entitled to receive all (up to 120 hours for police employees) of accumulated vacation time and all (one-half for police employees) of accumulated sick leave time.

The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, government funds report only the compensated absence liability payable from expendable available financial resources.

**Equity Classifications**

*Government-wide Statements*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.D. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)**

- c Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

**1.E. REVENUES, EXPENDITURES, AND EXPENSES**

**Property Tax**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied annually on October 1 and are due and payable at that time. All unpaid taxes levied October 1, become delinquent January 1 of the following year. Tax is assessed at a rate of .1478 per \$100. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. Due to the immaterial amount of any additional property taxes receivable after the 60 day period, no additional accrual is made in the government-wide financial statements.

**Occupational License Tax**

City occupational license tax at one percent of wages is imposed on persons who work within the City of Jeffersontown, in any business, profession, trade or occupation. Such amounts are to be withheld from the employee's wages and remitted quarterly with a completed payroll tax return detailing total wages and tax withholdings.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, government fund expenditures are classified by character: current, debt service, and capital outlay. The city's policy regarding the allocation of indirect expenses is to reflect such expenses as a separate program.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

**CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**2.A. FUND ACCOUNTING REQUIREMENTS**

The City complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include the following:

<b>Fund:</b>	<b>Required By:</b>
General Fund	State Law
Municipal Road Aid	State Law

**2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATION**

Under Kentucky Revised Statutes, the City is allowed to invest in obligations of the U. S. Treasury and U. S. agencies, repurchase agreements, obligations of the Commonwealth of Kentucky and its agencies, insured savings and loans, or interest bearing deposits of insured national or state banks. The deposits in excess of insurance coverage must be fully collateralized.

The City invests surplus cash in local bank certificates of deposit and savings accounts. This investment class subjects the City to custodial credit risk. This risk is considered immaterial, and as such, the City does not have an investment policy to deal with such risk.

At June 30, 2009, the city had checking account balances totaling \$4,914,657. The city was fully collateralized for amounts held in excess of FDIC limitations as of June 30, 2009.

**2.C. REVENUE RESTRICTIONS**

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<b>Revenue Source:</b>	<b>Legal Restriction of Use:</b>
Ad Valorem Tax	D6bt service
Gasoline Excise	Road and street maintenance

For the year ended June 30, 2009, the City complied, in all material respects, with these revenue restrictions.

**2.D. DEBT RESTRICTIONS AND COVENANTS**

**General Obligation Debt**

Section 158 of the Kentucky Constitution limits the amount of outstanding general obligation bond debt of the City to no more than 10 percent of net assessed property valuation. For the year ended June 30, 2009, the City complied, in all material respects, with this revenue restriction.

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

**NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

**3.A. ACCOUNTS RECEIVABLE**

Receivable detail at June 30, 2009, is as follows:

Occupational license tax	2,307,215
Property tax	259,595
Insurance premium tax	250,000
FEMA	81,361
Allowance for doubtful accounts	(49,391)
Net accounts receivable	<u>\$ 2,848,780</u>

**3.B. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Disposals	Balance June 30, 2009
Governmental activities:				
Land	\$ 1,124,198			\$ 1,124,198
Buildings	7,628,471			7,628,471
Improvements	1,799,463	32,000		1,831,463
Equipment	1,965,603	11,913		1,977,516
Furniture and fixtures	437,286			437,286
Radio equipment	350,126			350,126
Vehicles and equipment	3,780,944	266,029	(112,807)	3,934,166
Infrastructure	57,273,938	627,304		57,901,242
Totals at historical cost	74,360,029	937,246	(112,807)	75,184,468
Less accumulated depreciation				
Buildings	(2,205,665)	(188,789)		(2,394,454)
Improvements	(517,008)	(97,130)		(614,138)
Equipment	(1,647,557)	(101,956)		(1,749,513)
Furniture and fixtures	(415,938)	(3,924)		(419,862)
Radio equipment	(341,155)	(2,384)		(343,539)
Vehicles and equipment	(2,827,512)	(317,437)	112,807	(3,032,142)
Infrastructure	(29,746,445)	(781,919)	-	(30,528,364)
Total accumulated depreciation	(37,701,280)	(1,493,539)	112,807	(39,082,012)
Capital assets, net	<u>\$ 36,658,749</u>	<u>\$ (556,293)</u>	<u>\$</u>	<u>\$ 36,102,456</u>



**CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

**NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)**

**3.B. CAPITAL ASSETS (CONTINUED)**

\* Depreciation expense was charged to governmental activities as follows:

General government	62,887
Economic development	5,241
Parks and recreation	289,540
Police	246,305
Public works	101,027
Road maintenance	6,620
Infrastructure	<u>781,919</u>
Total depreciation expense	<u>1,493,539</u>

**3.C. ACCOUNTS PAYABLE**

Payable in the general fund and road maintenance fund are comprised of trade payables to vendors.

**3.D. LONG-TERM DEBT**

**Governmental Activities:**

As of June 30, 2009, the governmental long-term debt of the financial reporting entity consisted of the following:

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

**NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)**

**3.D. LONG-TERM DEBT (Continued)**

2000 KLC Funding Trust Lease Agreement	\$ 4,435,000
2005 Series Bonds	4,210,000
2008 Floating Indebtedness Debt Agreement	1,034,000
2008 Retirement Bond Fund	<u>2,805,000</u>
Total long-term debt	\$ <u>12,484,000</u>
Current portion	\$ 2,169,000
Non-current portion	<u>10,315,000</u>
Total long-term debt	\$ <u>12,484,000</u>
Capital Lease Obligation:	
Capital lease obligation for 11 police vehicles dated March 2007 payable in annual installments of \$106,290 with final payment due March 2010	\$ 100.696
Capital lease obligation for 7 police vehicles dated June 2008 payable in annual installments of \$70,621.57 with final Payment due June 2011.	132.380
Capital lease obligation for 2 public works vehicles dated January 2008 payable in annual installments of \$15,286.58 with final payment due January 2011.	28,185
Capital lease obligation for 7 police vehicles dated April 2009 Payable in annual installments of \$71,529.18 with final payment due April 2012	<u>194,500</u>
Total capital lease obligations	\$ 455.761
Current portion	\$ 240,810
Noncurrent portion	<u>214,951</u>
Total capital lease obligation	\$ <u>455,761</u>
Accrued Compensated Absences:	
Current portion	\$ 260,802
Noncurrent portion	<u>2,030,958</u>
Total accrued compensated absences	<u>2,291,760</u>

**CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

**NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)**

**3.D. LONG-TERM DEBT (Continued)**

**2000 KLC Funding Trust Lease Agreement**

On June 9, 2000, the City entered a lease/purchase agreement with Kentucky League of Cities Funding Trust Program, in the amount of \$6,625,000. The agreement requires rental payments to be paid by the City of Jeffersontown, Kentucky, under the lease/purchase agreement dated June 9, 2000, with Kentucky League of Cities Funding Trust Program, pursuant to which the project will be leased to the city. The project consist of the (i) acquisition, construction and installation of infrastructure improvements, including street repairs and extensions as well as drainage system improvements and (ii) the refunding and retirement on the date hereof of (a) a lease agreement dated as of November 1, 1996 (the "1996 Lease") between the City and the Trust, (b) a lease agreement dated as of January 28, 1998 (the "1998 Lease") between the City and the Trust and (c) a lease agreement dated as of September 1, 1998 (the "1998B Lease") between the City and the Trust, the proceeds of which were used to finance the acquisition, construction, installation and equipping of youth recreational facilities, a senior citizens center, park improvements, a library, sidewalk improvements, municipally owned recreational facilities and drainage system improvements.

The variable interest rate lease requires quarterly rental payments through June 15, 2020.

**2005 Series Bonds**

On July 21, 2005, the City issued \$5,730,000 general obligation bonds Series 2005A and \$1,455,000 general obligation bonds Series 2005B. The Bonds constitute proportionate interest in rental payments to be paid by the City of Jeffersontown, Kentucky, under the lease/purchase agreement dated July 1<sup>st</sup>, 2005 to purchasers of these bonds through The Depository Trust Company. Interest is payable semiannually on February 1 and August 1 of each year. The proceeds from these bonds were used to extinguish the City's outstanding obligations with respect to the 1994 Certificates of Participation and Line of Credit. Currently, these funds are being held in escrow for the purpose of capital projects. The balances in these funds at June 30, 2009 are presented on following pages.

The variable interest rate requires semiannual interest payments through August 1, 2021.

**2008 Floating Indebtedness Note**

On June 26, 2008, the city issued a note to Fifth Third Bank in the amount of \$1,184,000. Principal and interest are payable on a quarterly basis beginning September 30, 2008. The proceeds from this note were used to extinguish the City's outstanding obligation with respect to their Line of Credit, which matured on June 30, 2008. The note has an annual interest rate of 3% and is scheduled to mature on July 26, 2009.

**2008 Retirement Fund**

In July, 2009 the city issued a general obligation unfunded liability funding note in the amount of \$2,805,000. The proceeds have been escrowed by the city and will be used to extinguish city employee accrued compensated absences as individuals retire or utilize their accumulated vacation and sick time. The note is due in monthly installments of interest and fees only until August 1, 2012 at which time the city will be required to begin also making principal payments on the obligation. The note has an effective interest rate of 2% and is scheduled to mature July 1, 2032.

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

**NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)**

**3.D. LONG-TERM DEBT (Continued)**

**Line of Credit**

The city had a line of credit of \$1,400,000 with Fifth Third Bank. The interest rate on this line is 0.5% below prime (5.00% at July 1, 2008) as published in the Wall Street Journal. The City utilized the line of credit to fund short-term operating needs. The line matured on June 30, 2009 and had a zero balance at that time.

**Interest Expense**

The City incurred interest expense of \$423,539 associated with long term debt and capital lease obligations during the year ended June 30, 2009.

**Changes in Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	(Reductions)	Balance June 30, 2009	Amount Due Within One Year
Lease/purchase agreements	\$ 10,914,000	\$ 2,805,000	\$ (1,235,000)	\$ 12,484,000	\$ 2,169,000
Capital lease obligation	431,649	266,029	(241,917)	455,761	240,810
Compensated absences	2,250,737	41,023		2,291,760	260,802
Totals	\$ 13,596,386	\$ 3,112,052	\$ (1,476,917)	\$ 15,231,521	\$ 2,670,612

**Annual Debt Service Requirements**

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2009, are as follows:

Year Ending June 30	Governmental Activities — Capital Lease Obligations And Lease/Purchase Agreements	
	Principal	Interest
2010	2,409,810	319,576
2011	911,879	313,500
2012	858,071	252,455
2013	647,855	222,011
2014	689,371	204,763
2015-2019	4,151,711	730,643
2020-2024	1,881,304	222,009
2025-2029	809,521	100,437
2030-2034	580,239	18,718
Total	\$ 12,939,761	\$ 2,384,112

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

**NOTE 4 — OTHER NOTES**

**4.A. EMPLOYEE PENSION PLAN**

Substantially all employees are covered under the County Employees' Retirement System which is a defined benefit, cost sharing, multiple-employer PERS managed by the Board of Trustees of the Kentucky Retirement System. For the year ended June 30, 2009, hazardous plan participating employees contributed 8% of creditable compensation to the System while nonhazardous participants contributed 5%. In accordance with KRS 61.565, employer contributions are intended to fund the System's normal cost on a current basis plus fund an amount equal to the amortization of unfunded past service cost over thirty years, using the level percentage of payroll method. The rates are determined by the Board of Trustees each biennium. For the year ended June 30, 2009, the employer rate was 29.50% for hazardous employees and 13.50% for nonhazardous employee creditable compensation.

Fiscal Year	<u>Required Contributions</u>			Percentage Contributed
	Employees	City	Total	
2005	421,812	1,102,887	1,524,699	100%
2006	423,360	1,142,289	1,566,648	100%
2007	484,804	1,482,402	1,967,206	100%
2008	484,001	1,777,009	2,261,010	100%
2009	453,115	1,417,731	1,870,846	100%

Prior to August 1, 2004, employees who retire at age 65 and have 48 or more months of service, or retire having 27 years of service credit, at least 15 years must be current service, are entitled to a retirement benefit, payable monthly for life, equal to 2.2% of the average annual salary of the member's five highest earning years multiplied by the number of years of service credit. All employees that were hired following August 1, 2004, who retire at age 65 and have 48 or more months of service, or retire having 27 years of service credit, at least 15 years must be current service, are entitled to a retirement benefit, payable monthly for life, equal to 2% of their average annual salary for the member's five highest earning years multiplied by the number of years of service credit. Members retiring at less than 55 years of age with 25 years of service, 15 of which are current service, are entitled to reduced benefits. Members' retirement benefits became fully vested when they complete sixty months of service, twelve of which are current service.

The amount of the total pension benefit obligation is based on a standardized measurement established by GASB. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effects of projected salary increases. GASB adopted the standardized measure of the pension benefit obligation to enable users of PERS financial statements to assess the PERS funding status on a going-concern basis, assess progress made on accumulating sufficient assets to pay benefits when due, and make comparisons among other PERS.

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

**NOTE 4 — OTHER NOTES (CONTINUED)**

**4.A. EMPLOYEE PENSION PLAN (CONTINUED)**

The unfunded actuarial accrued liability of the County PERS as of June 30, 2009, was as follows:

	<u>2009</u>	<u>2008</u>
Total actuarial accrued liability	\$ 15,165,875,103	\$ 15,561,189,270
Less: actuarial value of assets	<u>5,328,783,945</u>	<u>5,921,990,654</u>
Unfunded actuarial accrued liability	\$9,837,091,158	\$ 9,639,198,616

The measurement of the total pension benefit obligation is based on actuarial valuation as of June 30, 2009. Net assets available to pay pension benefits were valued as of the same date. Ten year historical trend information showing assets available to pay benefits when due is presented in the System's June 30, 2009, comprehensive annual report. Copies of this report may be obtained from the state retirement system website [www.kyret.com](http://www.kyret.com) or by writing to: Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

**4.B. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters.

The City manages these various risk of loss as follows:

Type of Loss	Method Managed	Risk Retained
a. Torts, errors and omissions	Purchased liability insurance with KY League of Cities Insurance Services.	(1)
b. Injuries to employees (workers' compensation)	Purchased workers' compensation insurance with KY league of Cities Workers' Compensation Trust.	None
c. Physical property loss and natural disasters	Purchased commercial insurance with KY League of Cities Insurance Services.	None
d. Health and life	Purchased health insurance with Humana	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the City.

(1) Liability Protection Plan

The basic insurance agreements cover claims against municipalities for all government function and services covered in the Plan. These include bodily injury, property damage, wrongful acts, personal injury, and related Torts under the State tort claims law.

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

**NOTE 4 — OTHER NOTES (CONTINUED)**

**4.B. RISK MANAGEMENT (CONTINUED)**

All public officials, employees, services, and municipal functions are covered unless they are specifically listed as exclusions in the Plan.

**4.C. LITIGATION**

The City attorney advises of no litigation currently pending against the City of Jeffersontown, Kentucky. Ordinance 932 Series 1986, "The Defense and indemnification of City Officers and Employees states "The City shall, without cost to the officer or employee, provide for the legal defense of any officer or employee in any action in tort arising out of an act or omission occurring within the scope of the officer's or employee's employment or public duties within the City." Officer shall mean any elected official of the City and also includes City clerk, treasurer, tax administrator, and attorney.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedules - General Fund, Bond Fund, and Road Fund.

Notes to Required Supplementary Information.



**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted AMounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning budgetary fund balance:			\$ 1,860,185	\$ 1,860,185
Resources (Inflows)				
Taxes				
Franchise tax (Telecom/Cable TV )	165,000	165,000	156,816	(8,184)
Occupational tax	10,230,000	10,230,000	10,013,021	(216,979)
Property tax (net)	3,811,500	3,811,500	3,966,619	155,119
Total taxes	14,206,500	14,206,500	14,136,456	(70,044)
Property Tax Penalty and Interest				
Property tax - penalty & interest	20,000	20,000	15,844	(4,156)
Property tax - lien fees	2,500	2,500		(2,500)
Fines & penalties	12,000	12,000	2,185	(9,815)
Total penalty and interest	34,500	34,500	18,029	(16,471)
Business Licenses				
Business licenses	160,000	160,000	161,406	1,406
Alcoholic beverage licenses	95,000	95,000	102,645	7,645
Total business licenses	255,000	255,000	264,051	9,051
Building Department Fees				
Building permits	50,000	50,000	32,530	(17,470)
Electrical permits	50,000	50,000	44,902	(5,098)
Heating permits	24,000	24,000	19,094	(4,906)
Fire protection permits	500	500		(500)
Sign permits	6,000	6,000	7,075	1,075
Total building department fees	130,500	130,500	103,601	(26,899)
Fines and Court Income				
Base court revenue	60,000	60,000	46,551	(13,449)
Total fines and court income	60,000	60,000	46,551	(13,449)
Lease Income				
County Clerk's office	13,800	13,800	13,895	95
Community Center	30,000	30,000	27,050	(2,950)
Total lease income	43,800	43,800	40,945	(2,855)

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Grant Income				
Recreational trails and bridge	\$ 563,000	\$ 563,000	\$ 117,539	\$ (445,461)
Police department			24,904	24,904
Total grant income	563,000	563,000	142,443	(420,557)
Other Income				
Plainview Swim Club	150,000	150,000	121,392	(28,608)
Youth basketball league			23,582	23,582
Donations			1,066	1,066
Coal and Mineral Tax	2,200	2,200	1,703	(497)
Insurance and FEMA proceeds			122,915	122,915
Miscellaneous		-	76,210	76,210
Total other income	152,200	152,200	346,868	194,668
Interest Income				
Checking account and CDs	20,000	20,000	13,875	(6,125)
Total interest income	20,000	20,000	13,875	(6,125)
Intergovernmental Revenues				
Insurance premium tax	1,000,000	1,000,000	1,000,000	
Total intergovernmental revenue	1,000,000	1,000,000	1,000,000	
Total general fund revenues	16,465,500	16,465,500	16,112,819	(352,681)
Amount available for appropriation	\$ 16,465,600	\$ 16,465,500	\$ 17,973,004	\$ 1,507,504

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges to appropriations (Outflows):				
Administration				
Payroll - mayor & council.	\$ 147,931	\$ 147,931	\$ 144,806	\$ 3,125
Payroll - city hall admin.	375,245	375,245	356,380	18,865
Payroll - city attorney	77,431	77,431	77,795	(364)
Retirement - mayor & council	23,047	23,047	19,449	3,598
Retirement- city hall admin.	58,464	58,464	48,197	10,267
Retirement - city attorney	12,065	12,065	10,448	1,617
FICA- mayor & council	10,752	10,752	9,611	1,141
FICA -city hall admin.	27,272	27,272	24,610	2,662
FICA - city attorney	5,627	5,627	5,337	290
Administrative expense	2,500	2,500	2,872	(372)
Legal fees & expenses	12,000	12,000	8,287	3,713
Accounting fees & expenses	42,000	42,000	41,488	512
Advertising - city hall admin.	500	500	75	425
Dues & sub. - city hall admin.	13,000	13,000	12,924	76
Office expense - city hall	500	500	-	500
Office supplies - city hall	10,000	10,000	9,923	77
Postage - city hall admin.	8,000	8,000	7,399	601
Travel - mayor & council	2,500	2,500	684	1,816
Travel - city hall admin.	2,500	2,500	578	1,922
Mtgs & seminars - mayor and council	2,500	2,500	3,753	(1,253)
Mtgs & seminars - city hall admin.	2,500	2,500	969	1,531
Mobile phones - mayor and council	500	500	443	57
Mobile phones - city hall admin.	4,000	4,000	3,678	322
Computer software maint.	10,000	10,000	9,547	453
Miscellaneous - council	8,000	8,000	2,007	5,993
Miscellaneous - city hall admin.	3,500	3,500	2,966	534
New vehicles - city hall admin.	10,000	10,000	10,084	(84)
New equip.- city hall admin.	5,000	5,000	2,908	2,092
Equip. rental - city hall admin.	3,500	3,500	2,763	737
Bldg. rep. & maint. - city hall admin.	25,000	25,000	31,341	(6,341)
Telephone - city hall admin.	5,000	5,000	4,796	204
Gen. improvement - city hall admin.	3,000	3,000		3,000
Water- city hall admin.	1,000	1,000	689	311
Employee appreciation	2,000	2,000	644	1,356
Newsletter expense	18,500	18,500	11,504	6,996
Electric & gas - city hall admin.	17,500	17,500	16,422	1,078
Equip. rep. & maint. - city hall admin.	5,000	5,000	2,963	2,037
Computer training	2,500	2,500	350	2,150
Computer hardware	10,000	10,000	6,905	3,095
Internet service & access	4,000	4,000	3,805	195
Website development & maint.	500	500		500
Consulting	5,000	5,000		5,000
Total Administration	\$ 979,834	\$ 979,834	\$ 899,400	\$ 80,434

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Permitting & Enforcement Department				
Payroll	\$ 165,824	\$ 165,824	\$ 159,784	\$ 6,040
Retirement	25,835	25,835	21,546	4,289
FICA	12,052	12,052	9,164	2,888
Uniforms	3,500	3,500	2,908	592
Dues & subs.	650	650	751	(101)
Office supplies	900	900	808	92
Travel	500	500		500
Meet. & seminars	600	600	195	405
New equipment	500	500	53	447
Miscellaneous	850	850	1,057	(207)
Mobile phones	1,500	1,500	783	717
Total P&E Department	212,711	212,711	197,049	15,662
Employee Benefits				
Hospitalization & medical	883,898	883,898	829,877	54,021
Short term disability and life insurance	52,000	52,000	49,434	2,566
Dental insurance	74,504	74,504	66,897	7,607
Severance payouts <b>(1)</b>	100,000	100,000	357,538	(257,538)
Total Employee Benefits	1,110,402	1,110,402	1,303,746	(193,344)
Insurance				
Workers compensation	232,768	232,768	184,288	48,480
Unemployment comp insurance	8,200	8,200	-	8,200
Insurance - commercial liability	164,038	164,038	164,096	(58)
Insurance - property & casualty	50,307	50,307	50,307	
Total Insurance	455,313	455,313	398,691	56,622
Revenue Department				
Payroll	131,852	131,852	85,149	46,703
Retirement	8,982	8,982	7,809	1,173
FICA	9,582	9,582	5,973	3,609
Tax bill prep & expense	85,000	85,000	78,761	6,239
Office supplies	700	700	692	8
Travel	1,000	1,000	-	1,000
Meetings & seminars	1,000	1,000	-	1,000
Miscellaneous	300	300	374	(74)
Postage	10,000	10,000	12,862	(2,862)
Total Tax Department	248,416	248,416	191,620	56,796
Vehicle Maintenance				
Gasoline & oil	277,000	277,000	227,558	49,442
Vehicle maintenance	65,000	65,000	62,737	2,263
Total vehicle maintenance	\$ 342,000	\$ 342,000	\$ 290,295	\$ 51,705

**(1)** Severance payouts represent city payments to employees for vested accumulated vacation and sick leave. The City has borrowed the money for future payouts as was noted on page 26 and currently holds the remaining funds of \$2,522,180 are invested in interest bearing cash and cash equivalent accounts.

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Safety:				
Ambulance Service	\$ 50,000	\$ 50,000	\$ 75,924	\$ (25,924)
Street Lights	350,000	350,000	366,608	(16,608)
Total Public Safety	400,000	400,000	442,532	(42,532)
Civil Service				
Miscellaneous	5,000	5,000	4,226	774
Testing & analysis	6,000	6,000	7,845	(1,845)
Total Civil Service	11,000	11,000	12,071	(1,071)
Police Department				
Payroll	3,255,946	3,255,946	3,238,738	17,208
KLEFPF	155,000	155,000	147,619	7,381
Education incentive	60,400	60,400	54,623	5,777
Court appearanbe	65,000	65,000	72,540	(7,540)
KLEFPF contra account	(155,000)	(155,000)	(204,878)	49,878
Payroll - police dispatchers	262,511	262,511	251,783	10,728
Payroll - police office staff	252,800	252,800	238,569	14,231
Retirement - police officer	1,150,366	1,150,366	1,053,984	96,382
Retirement - police dispatcher	38,387	38,387	30,877	7,510
Retirement - police admin.	36,581	36,581	30,714	5,867
FICA- police officers	251,588	251,588	235,166	16,422
FICA- police dispatchers	19,515	19,515	18,571	944
FICA- police administration	18,700	18,700	17,123	1,577
Uniforms - police officers	59,669	59,669	45,963	13,706
Uniforms - police dispatchers	5,500	5,500	5,477	23
Uniform replace - police officers	39,569	39,569	29,293	10,276
Dues & subs. - police admin.	13,985	13,985	10,714	3,271
Office supplies - police admin.	21,000	21,000	21,619	(619)
Postage - police admin.	2,500	2,500	2,120	380
Travel - police officers	17,000	17,000	21,757	(4,757)
Meetings & seminars - police officers	15,100	15,100	12,567	2,533
Training exp & sup - police officers	54,200	54,200	48,815	5,385
Bldg. rep. & maint. - police admin.	36,112	36,112	34,792	1,320
Electric & gas - police admin.	36,000	36,000	34,342	1,658
Water -police dept.	2,100	2,100	2,143	(43)
Telephone - police admin.	31,560	31,560	23,103	8,457
Mobile phones - police admin.	27,020	27,020	27,124	(104)
Equip. rep. & maint. - police dept.	35,650	35,650	19,034	16,616
Maintenance contracts - police	11,770	11,770	9,811	1,959
Computer maintenance	45,000	45,000	20,204	24,796
Radio maint. - police officers	24,200	24,200	22,615	1,585
Pagers - police officers	108	108	94	14
Physicals - police officers	8,525	8,525	4,350	4,175
Crime prevention - police admin.	8,228	8,228	5,599	2,629
Photo expense - police admin.	2,000	2,000	1,955	45

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Police Department (Continued)				
CID - police admin.	18,800 \$	18,800 \$	80,317 \$	(61,517)
Miscellaneous - police officers	11,000	11,000	15,888	(4,888)
New vehicles - police officers	86,500	86,500	62,410	24,090
Existing vehicle leases	177,024	177,024	176,911	113
New equipment - police officers	36,550	36,550	21,821	14,729
Total police department	6,238,464	6,238,464	5,946,267	292,197
Public Works				
Payroll	831,141	831,141	710,030	121,111
Retirement	127,934	127,934	98,076	29,858
FICA	60,404	60,404	51,456	8,948
Uniforms	12,000	12,000	12,862	(862)
Dues & subscriptions	1,500	1,500	1,592	(92)
Office supplies	1,000	1,000	878	122
Equipment rental	2,000	2,000	1,108	892
Meetings & seminars	500	500	100	400
Training expense & supplies	1,000	1,000	7	993
Bldg. repairs & maintenance	15,000	15,000	10,113	4,887
Electric & gas	9,500	9,500	9,812	(312)
Water	3,000	3,000	3,373	(373)
Telephone and internet	2,100	2,100	1,995	105
Mobile phones	5,000	5,000	5,378	(378)
Equipment repairs & maintenance	20,000	20,000	21,873	(1,873)
Shop supplies	10,000	10,000	5,857	4,143
Radio maintenance	1,000	1,000	85	915
Physicals	3,000	3,000	1,083	1,917
Miscellaneous	5,000	5,000	3,905	1,095
Existing vehicle leases	15,300	15,300	15,287	13
New equipment	20,000	20,000	12,832	7,168
Equipment leases	32,000	32,000	15,647	16,353
Landfill charges	2,000	2,000	1,244	756
Roadside maint./beautification	24,000	24,000	18,027	5,973
Total public works	1,204,379	1,204,379	1,002,620	201,759
Sanitation				
Sanitation contract expense	1,503,400	1,503,400	1,461,326	42,074
Dumpster fees	32,400	32,400	20,557	11,843
Total sanitation	\$ 1,535,800	\$ 1,535,800	\$ 1,481,883	\$ 53,917

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Economic Development				
Payroll	\$ 169,860	\$ 169,860	\$ 172,116	\$ (2,256)
Retirement	26,465	26,465	23,119	3,346
FICA	12,345	12,345	11,959	386
Advertising	2,000	2,000	-	2,000
Dues & subscriptions	5,000	5,000	4,680	320
Office supplies	500	500	483	17
Postage	500	500	32	468
Brochure & printing	1,090	1,000	-	1,000
Travel	3,500	3,500	2,125	1,375
Bldg. repair & maintenance	6,500	6,500	5,670	830
Electric & gas	6,000	6,000	5,385	615
Water	600	600	1,033	(433)
Telephone-JDC	4,000	4,000	3,566	434
Mobile phones	500	500	383	117
New equipment	2,000	2,000	1,410	590
Equipment repairs and maintenance	500	500	-	500
Miscellaneous	300	300	14	286
Equipment rental	2,200	2,200	1,667	533
Meetings & seminars	2,400	2,400	1,360	1,040
Partnership	50,000	50,000	50,000	-
Promotion of J-town	10,000	10,000	6,484	3,516
Facade Renovation Program	1,500	1,500	-	1,500
Ind. park improvements	30,000	30,000	12,218	17,782
Total economic development	\$ 337,670	\$ 337,670	\$ 303,704	\$ 33,966

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Community Development:				
Museum Expense				
Payroll	\$ 65,753	\$ 65,753	\$ 66,294	\$(541)
Retirement	10,245	10,245	8,904	1,341
FICA	4,779	4,779	4,640	139
Advertising	500	500	385	115
Dues & subscriptions	500	500	500	
Office supplies	700	700	645	55
Postage	300	300	168	132
Bldg. repairs & maintenance	1,500	1,500	320	1,180
Telephone and Internet	1,000	1,000	1,463	\$(463)
Miscellaneous	1,000	1,000	1,008	\$(8)
Security	400	400	360	40
Copier	500	500	441	59
Photography & film	300	300		300
Total museum expense	87,477	87,477	85,128	2,349
Senior Citizens				
Payroll	78,908	78,908	82,429	\$(3,521)
Retirement	6,948	6,948	8,757	\$(1,809)
FICA	5,735	5,735	5,784	\$(49)
Bldg. repairs & maintenance	15,000	15,000	14,530	470
Electric & gas	13,000	13,000	14,079	\$(1,079)
Water	500	500	-	500
Telephone	1,350	1,350	3,543	\$(2,193)
Mobile phones	600	600	475	125
Equipment repairs & maintenance	2,000	2,000	1,166	834
Miscellaneous	1,500	1,500	337	1,163
New equipment	3,500	3,500	204	3,296
Meetings & seminars	250	250	-	250
Total senior citizens expense	\$ 129,291	\$ 129,291	\$ 131,304	\$(2,013)



**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Community Development:(Continued)				
Special Projects				
Drainage	\$ 80,000	\$ 80,000	\$ 74,132	\$ 5,868
Farmers Market	500	500	4,363	(3,863)
Other special projects	3,000	3,000	3,000	
Mayor special projects	8,000	8,000	7,947	53
Youth basketball expense			22,695	(22,695)
Envision ROM			600	(600)
Spruce up Jeffersontown	1,000	1,000	2,203	(1,203)
Easter Celebration	3,500	3,500	3,254	246
Volunteer recognition	1,000	1,000	1,000	
Light up Jeffersontown	2,000	2,000	2,149	(149)
Gaslight festival	9,000	9,000	7,756	1,244
Pumpkinfest	2,000	2,000	1,915	85
The Child Connection	1,800	1,800	1,800	
Memorial & Veteran's Day Obser	2,000	2,000	1,400	600
Grant- B & C Stone Bridge & CMAQ	635,000	635,000	160,780	474,220
Mid-South Conf. Sponsorship	5,000	5,000	5,000	
Total special projects	753,800	753,800	299,994	453,806
Donations				
	45,000	45,000	41,000	4,000
Total donations	45,000	45,000	41,000	4,000
Total community development	\$ 1,015,568	\$ 1,015,568	\$ 557,426	\$ 458,142

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2009**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Parks and Recreation</b>				
Payroll - parks & recreation	\$ 177,205	\$ 177,205	\$ 180,411	\$ (3,206)
Retirement - parks & recreation	27,609	27,609	23,707	3,902
FICA - parks & recreation	12,879	12,879	12,146	733
Uniforms - parks & recreation	2,400	2,400	2,528	(128)
Program supplies - parks & recreation	500	500	322	178
Pool maintenance contract	111,000	111,000	114,840	(3,840)
Pool - miscellaneous	40,000	40,000	34,439	5,561
Community Center - miscellaneous	-	-	5,135	(5,135)
Electric & gas - Skyview Park	15,000	15,000	15,115	(115)
Electric & gas - Gymnasium	19,000	19,000	21,843	(2,843)
Electric & gas - Plainview Swim	17,000	17,000	17,032	(32)
Electric & gas - Veteran's Park	4,500	4,500	3,531	969
Electric & gas - Ruckriegel Field	500	500	1,520	(1,020)
Electric & gas - Community Center	25,000	25,000	21,119	3,881
Water - Skyview Park and Football Field	16,000	16,000	12,228	3,772
Water - Gymnasium	2,000	2,000	1,191	809
Water - Plainview Swim	10,000	10,000	7,731	2,269
Water - Community Center	13,000	13,000	7,176	5,824
New equipment - parks & recreation	15,000	15,000	11,998	3,002
Parks & recreation maintenance	45,000	45,000	59,007	(14,007)
Telephone - Gymnasium	1,400	1,400	1,418	(18)
Telephone - Plainview Swim	1,350	1,350	2,133	(783)
Telephone - Community Center	3,000	3,000	2,894	106
Payroll - pool part-time	9,000	9,000	2,146	6,854
FICA - pool part-time	650	650	131	519
Total parks and recreation	568,993	568,993	561,741	7,252
<b>Debt Service Expense</b>				
Debt service payments and expense	1,784,780	1,784,780	1,658,539	126,241
Total debt expense	1,784,780	1,784,780	1,658,539	126,241
Total charges to appropriations	16,445,330	16,445,330	15,247,584	1,197,746
Excess (Deficiency)				
Revenues over Expenditures	20,170	20,170	865,235	845,065
Ending budgetary fund balance before other financing sources (uses)	20,170	20,170	2,725,420	2,705,250
<b>Other Financing Sources (Uses)</b>				
Capital outlay obligation from lease	-	-	(194,500)	(194,500)
Proceeds from debt issuance	-	-	2,805,000	2,805,000
Sale of surplus vehicles and equipment	-	-	12,641	12,641
Total Other Financing Sources (Uses)	-	-	2,623,141	2,623,141
Transfers In (Out)	-	-	(896,572)	(896,572)
Ending budgetary fund balance	\$ 20,170	\$ 20,170	\$ 4,451,989	\$ 4,431,819

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
ROAD FUND  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
Beginning budgetary fund balance:	\$ 280,000	\$ 280,000	\$ 300,329	\$ 20,329
Resources (Inflows)				
Intergovernmental Revenues				
Motor fuel tax	400,000	400,000	486,488	86,488
Total intergovernmental revenue	400,000	400,000	486,488	86,488
Amount available for appropriation	680,000	680,000	786,817	106,817
Charges to appropriations (Outflows)				
Street light maintenance	5,000	5,000	10,145	(5,145)
Sidewalks	200,000	200,000	259,364	(59,364)
Paving & road repairs	400,000	400,000	318,534	81,466
Road salt & de-icer	40,000	40,000	92,623	(52,623)
Road maintenance-other	35,000	35,000	59,037	(24,037)
Total road maintenance	680,000	680,000	739,703	(59,703)
Total charges to appropriations	680,000	680,000	739,703	(59,703)
Ending budgetary fund balance			\$ 47,114	\$ 47,114

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
BOND FUND  
YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Beginning budgetary fund balance:	(1)	\$	\$ (864,572)	\$ (864,572)
Charges to appropriations (Outflows)				
Pool renovations	-		32,000	(32,000)
Total 2005 bond fund expenses	-	-	32,000	(32,000)
Total charges to appropriations			32,000	(32,000)
Transfers In (Out)			896,572	896,572
Ending budgetary fund balance	\$	\$	\$	\$

**(1)** These expenditures were budgeted within Ordinance No. 1199- Series 2005 when the city initially borrowed the funds through debt issuance on July 1, 2005 to retire prior debt obligations and make future capital improvements.

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2009**

**NOTE 1 — BUDGET VARIANCES**

**General Fund**

For the year ended June 30, 2009, general fund revenues of \$16,112,819 were \$352,681 less than the \$16,465,500 budgeted. This was primarily the result of grant revenues being \$445,461 less than budgeted. Revenue sources exceeding budgeted amounts included property taxes, business license revenue, and other income. Revenue sources with budget shortfalls included franchise (telecom/cable TV) taxes, occupational tax revenues, penalties and interest, lease income, building department fees, fines and court income, grant income, and interest income. Kentucky State House Bill 44 states that city governments must budget for a 100% collection rate of current year property tax revenues. This mandate does not allow for past due and non-collected receivables.

For the year ended June 30, 2009, general fund expenditures of \$15,247,584 were \$1,197,746 less than the \$16,445,330 budgeted. A primary reason that general fund expenditures were less than budgeted was the positive budget variance with grant related expenses. However, without this variance the City would have still been under budget by \$723,526 for general fund expenditures. Other primary reasons general fund expenditures were less than budgeted were the result of positive variances within the police and public works departments and also for debt service payments.

**Road Fund**

For the year ended June 30, 2009, road maintenance fund revenues of \$486,488 were \$86,488 more than the \$400,000 budgeted. For the year ended June 30, 2009, road maintenance fund expenditures of \$739,703 were \$59,703 more than the \$680,000 budgeted. Road salt and sidewalks were primarily responsible for this variance.

**Bond Fund**

These expenditures represent capital improvements made by the city. These expenditures were budgeted within Ordinance No. 1199- Series 2005 when the city initially borrowed the funds through debt issuance on July 1, 2005 to retire prior debt obligations and make future capital improvements.